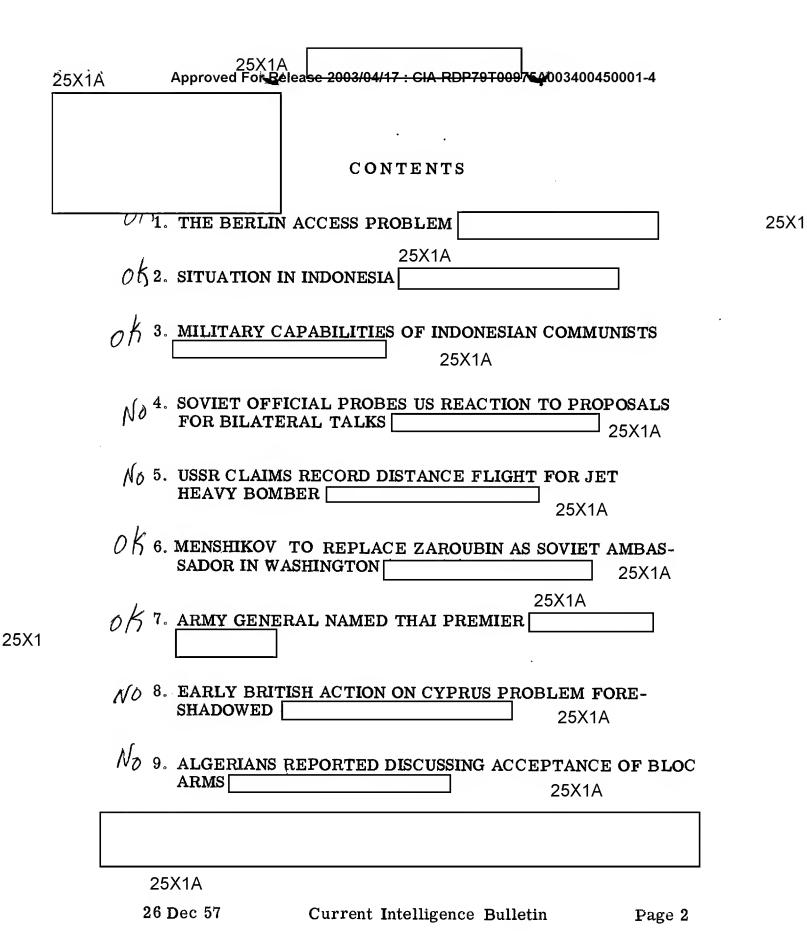
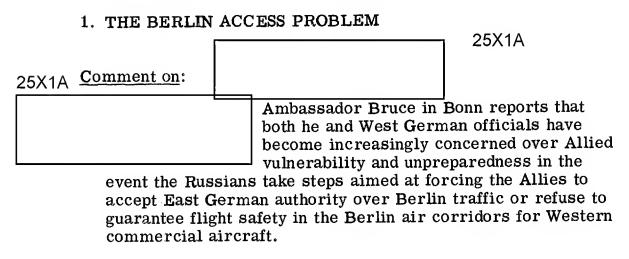
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resistance if the Soviet Union transfers to the East German regime the control over rail traffic to and from Berlin. All-German Affairs Minister Lemmer, Federal Properties Minister Lindrath, and State Secretary for All-German Affairs Thedieck agree that yielding immediately, thus implicitly recognizing the East German government, would have far greater repercussions on public opinion than turning back Allied military trains, even if the Western powers eventually acceded to Soviet demands. Thedieck favors forcing military trains through, and another official suggested a temporary air-lift while negotiations are opened with Moscow.

The views of these officials reflect Bonn's growing apprehension that East German control over Allied military trains would be the forerunner of a general harassment of West German traffic to Berlin. Bonn would probably not consider using its major retaliatory weapon--curtailment of interzonal trade--unless West German supply of essential goods to Berlin were seriously threatened or impeded.

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2. SITUATION IN	INDONESIA	25X1A
25X1Acomment on:		
	in the Confrom hard Communist port which embassy is liable sout purported over the number over the number of the sectually confidences.	Indonesian arms purchases amunist bloc will be derived a currency credit extended by st China, according to a reh has reached the American in Djakarta from usually reces. In return Indonesia ly is to ship rubber to China ext several years. The source however, that China will never laim the rubber as long as Indolicy is not contrary to the inter-

ests of the Communist bloc. According to the American embassy, the extension of credit would explain Indonesia's sudden ability, in the midst of serious economic difficulties, to "purchase" the arms now under negotiation with Czechoslovakia and Yugoslavia.

If the credit should be granted in cash, the arrangement would require Sino-Soviet collaboration, since China is faced with a severe shortage of foreign exchange. Peiping, however, could supply directly considerable quantities of conventional military equipment.

Sjahrir, leader of the Socialist party, believes the cabinet may resign within the next few days and will certainly do so after Sukarno leaves the country. He claims Prime Minister Djuanda has attempted to resign but was dissuaded by President Sukarno. Djuanda has repeatedly stated that he would gladly resign if he could be assured he would be succeeded by a non-Communist cabinet. All non-Communist political elements 25X1A are exploring the possibility of cabinet and governmental changes.

or are exploring the possibili

3. MILITARY CAPABILITIES OF INDONESIAN COMMUNISTS

25X1A <u>Reference</u> :	25X1A
	Local Indonesian Communists do not have sufficient military strength or arms to gain control at this time, according to the American naval attaché in Djakarta.
forces woul	eves that if they should try, anti-Communist rush them. Communist strength in the Indo- concentrated largely in the Djakarta command

is more anti- than pro-Communist.

In West Java, the Siliwangi Division of 40,000 men is considered loyal to its commander and would probably move into the Djakarta area against the Communists should civil war develop. Both Central and East Java commands are headed by capable anti-Communist commanders and, in the event of a major Communist insurrection on the island, would side with West Java forces, according to an agreed plan for coordinated action by the three area com-

area, the attaché reported. The city commander is suspected of being a Communist, and his chief of staff works actively with the Communists. Actual Communist strength among the troops is not known, but it is estimated that their orientation

All army commanders on Sumatra are considered anti-Communist, although there may be some Communist sympathizers among troops of Javanese origin stationed there.

In Celebes, the northern part of the island is under firm anti-Communist control, with all party leaders in jail. Some army units in southern Celebes are suspected of being in collusion with the rebel leader Muzakkar, who is considered to be under Communist control.

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all Soviet ships entering Indonesian waters supply the Indonesian Communist party with small quantities of arms.

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manders.

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4. SOVIET OFFICIAL PROBES US REACTION TO PROPOSALS FOR BILATERAL TALKS

25X1/Comment on:	
	In an effort to sound out American reaction to recent Soviet bids for high-level bilateral negotiations, Yuri Zhukov, head of the USSR's Committee for Cultural
Relations with Forei December that in the only be resolved by	Igners, told Ambassador Thompson on 22 e final analysis East-West problems could Soviet-American discussions. He claimed had prevented such talks in the past but

would favor Soviet-US talks.

Zhukov expressed the view that negotiations would become more difficult after NATO plans for arming Western Europe, particularly West Germany, were carried out. He also stated that it was important to reach agreement while President Eisenhower and Khrushchev were in office.

that the British seem to have changed their position and now

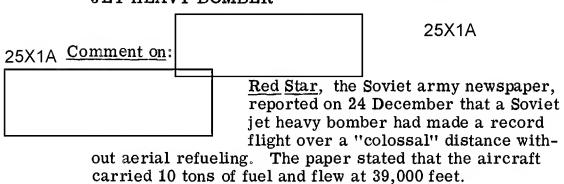
Zhukov's probing suggests that the Soviet leaders may be planning to follow the cautious and equivocal bid for bilateral heads-of-government talks in Premier Bulganin's letter of 10 December to President Eisenhower with a formal and definite call for such a meeting. In his speech to the Supreme Soviet on 21 December, Khrushchev stated that a bilateral meeting of the "representatives" of the United States and the USSR could precede a conference of the "heads of government of socialist and capitalist countries."

The Soviet leaders probably expect to benefit from either acceptance or rejection by the United States Acceptance, in their view, would undercut American efforts to strengthen NATO, while rejection would facilitate Soviet efforts to demonstrate that only the United States stands in the way of a substantial improvement in East-West relations.

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5. USSR CLAIMS RECORD DISTANCE FLIGHT FOR JET HEAVY BOMBER



Although the distance flown is not specified, the relatively small fuel load--if accurately reported--is not consistent with a maximum range attempt by the BISON, the only known Soviet jet heavy bomber. According to the latest estimates, the BISON would carry approximately 227,000 pounds of jet fuel--more than 100 metric tons--on a standard mission, and more on an optimum mission.

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6. MENSHIKOV TO REPLACE ZAROUBIN AS SOVIET AMBASSADOR IN WASHINGTON

25X1A ^{C01}	mment on:
	The slated replacement of Soviet Ambassador to the United States Georgy Zaroubin by former Soviet Ambassador to India Mikhail Menshikov appears to be a routine shift within the Soviet diplomatic corps. Zaroubin, who according to unconfirmed reports is to be promoted to deputy foreign minister, has been ambassador in Washington for over five and half years and is due for reassignment. Menshikov was relieved of the New Delhi post on 22 October 1957 and since then has been in Moscow.
	Menshikov, a Great Russian born in 1902, has had many years of experience in the international field, specializing in foreign economic relations. He has resided in Great Britain (1930-36) and the United States (interruptedly during 1943-46). In 1946 he became a USSR deputy foreign trade minister under Anastas Mikoyan, currently the second or third man in the Soviet hierarchy, succeeding Mikoyan as minister in 1949. He was transferred in 1951 to "other work," possibly to CEMA, the Soviet-satellite Council for Mutual Economic Assistance. He entered the Soviet diplomatic corps in 1953 when he was assigned to India.
	Menshikov has a good command of English and is said to be a good mixer, but very tenacious in argument. Like Zaroubin, he is a candidate member of the Soviet party central committee. 25X1A

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7. ARMY GENERAL NAMED THAI PREMIER

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25X1A	Comment on:		
		General Thanom Kittikachorn, who been selected to be Thailand's new minister by the ruling military gro civilian elements associated with in	prime up and

National Socialist party, is a 47-year-old career army officer who has long been closely associated with Armed Forces Commander Sarit. He is considered an able military administrator, but is lacking in political experience and admits that he knows little about foreign affairs. Thanom supports Thailand's pro-Western policy and is one of the more conservative leaders of the military group.

As prime minister, Thanom will be subject to the policy guidance of Sarit, who despite recurrent periods 25X1Aof illness is still the most powerful figure in Thailand.

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8. EARLY BRITISH ACTION ON CYPRUS PROBLEM FORESHADOWED 25X1A 25X1A Comment on: Governor Foot of Cyprus and the British Colonial Office apparently believe the wave of good feeling toward Foot that has resulted from the new governor's relaxation of emergency measures may provide an opportunity for steps toward long-term settlement of the island's status. Foot will return to London for consultations on 31 December, several weeks earlier than planned.

Foot's planned solution is evidently a considerable departure from the established British position, and probably involves the early granting of wide powers of self-government to the Cypriots. He hopes to enlist the cooperation of Archbishop Makarios, perhaps even at the price of allowing his unconditional return to Cyprus. Without such a move, the favorable effect of Foot's good will gestures will dissipate as the time approaches for a decision by the British government.

The chances for London's adoption of Foot's recommendations probably hinge on how sensitive the Foreign Office remains to Turkey's adamant stand against any moves that it sees as leading toward eventual union of Cyprus and Greece. While Ankara still follows the policy of "watchful waiting" pending a declaration of intentions by Foot, a Turkish Cypriot leader has already expressed disagreement with the governor. The American consul in Nicosia believes that 25X1failure of Foot's mission could have "the gravest consequences."

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	9. ALGERIANS REPORTED DISCUSSING ACCEPTANCE OF BLOC ARMS	25X
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	take-over and transport to Algeria	
	of Soviet and Czech arms and ammunition available in Cairo,	
•	25X1C agreement had already been reached in principle and that only a few points remained to be cleared up in discussions with the Egyptians and Soviets before the shipments are started. the quantity of arms involved is considerably greater than the usual consignments carried by road through Libya and that for this reason it had not yet been decided whether to send the arms overland or by sea as far as Libya or Tunisia.	25X1C
	Comment Dissatisfaction within the National Liberation Front (FLN) over the results of this year's UN debate on Algeria may have enabled rebel elements already predisposed toward soliciting Soviet bloc assistance to convince the FLN leadership that a new effort should be made to obtain such aid. Any appreciable amount of arms the USSR or Egypt would make available at this time probably would not	
	be readily identifiable as of bloc origin.	25Υ1Δ

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